

Census and Economic Information Center

Volume 1, Issue 4, Fall 2005

Montana Department of Commerce

RECENTLY RELEASED

October 26, 2005

[Gross State Product, Revised
2004 Estimates](#)

October 13, 2005

[2004 Population Estimates](#)

October 6, 2005

[Nonemployer Statistics](#)

September 28, 2005

[State Personal & Per Capita
Personal Income](#)

August 30, 2005

[Health Insurance, Income and
Poverty](#)

UPCOMING RELEASES

Late November 2005

Small Area Income and
Poverty, 2003
(Counties/School Districts)

Late November 2005

Consolidate Federal Funds
Report, 2004

December 2005

Statistical Abstract, 2006

December 20, 2005

State Personal Income, 3rd
Quarter 2005

CEIC WEB SITE

Visit CEIC's [What's New](#) web
page for all the updates

[Daytime Population](#)

(People who are in an area
during normal business
hours, including workers)

[Computer and Internet Use](#)



Census and Economic
Information Center
301 S. Park Avenue
P.O. Box 200505
Helena, Montana 59620
406.841.2740 Office
406.841.2702 TDD
<http://ceic.mt.gov>
E-Mail: ceic@mt.gov
Design/Layout: Christie Wolfe

Turning Data Into Knowledge

Pam Harris, Bureau Chief

Our Fall Newsletter covers a variety of topical subjects for Montana. Up first in *What the Numbers Say*, we take a look at the number of small businesses county by county from recently released U.S. Census Bureau data, [County Business Patterns](#) and [Nonemployer Statistics](#). By combining these two annual series, we've created a "Private Business Establishments in Montana, 2003" map (the 2002 map was published in our Winter issue) which can be reviewed on page **two**.

Our feature article touches on a subject that continues to be debated, especially after Katrina pounded the Gulf Coast. [Poverty](#) statistics for 2004 were released in late August, and our "Thoughts on Poverty" on page **three** discusses the impact of the devastation on the poor in New Orleans, as well as what it means to be poor in Montana.

In our *Economic News*, we consider Montana's energy resources and whether or not Montana is positioned to be a major player in the energy market, not only with traditional fuels such as oil and natural gas, but also with renewable energy sources. In "The Next 'Gold' Rush", beginning on page **three**, find out where Montana ranks in coal and oil production and wind energy potential, as well as which counties might benefit the most from an energy boon. ■

What the Numbers Say...

*Do small businesses make a big
contribution to the state of Montana?*

Christie Wolfe, Research Technician

Montana's reputation as home to the rugged individualist is confirmed with the release of the latest U.S. Census Bureau's *Nonemployer Statistics*, which is obtained from business tax forms filed with the Internal Revenue Service (IRS). These data show that the number of businesses with no paid employees currently comprise 69% of total businesses in Montana, or 76,401 nonemployers.

On our featured map in this issue, the data from the *Nonemployer Statistics* are coupled with the Census Bureau's *County Business Patterns* data, to give us a visual representation of the predominance of very small businesses in Montana. As you can see by the pie graphs over-laid onto each county, the ratio of nonemployers to employers is widespread. The economic contribution of these hard working individuals shows in the numbers too, with about 2.8 billion dollars of sales/receipts by these single person firms. For GIF or PDF copies of the data map, visit CEIC's [Data Map](#) web page. ■

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Features:

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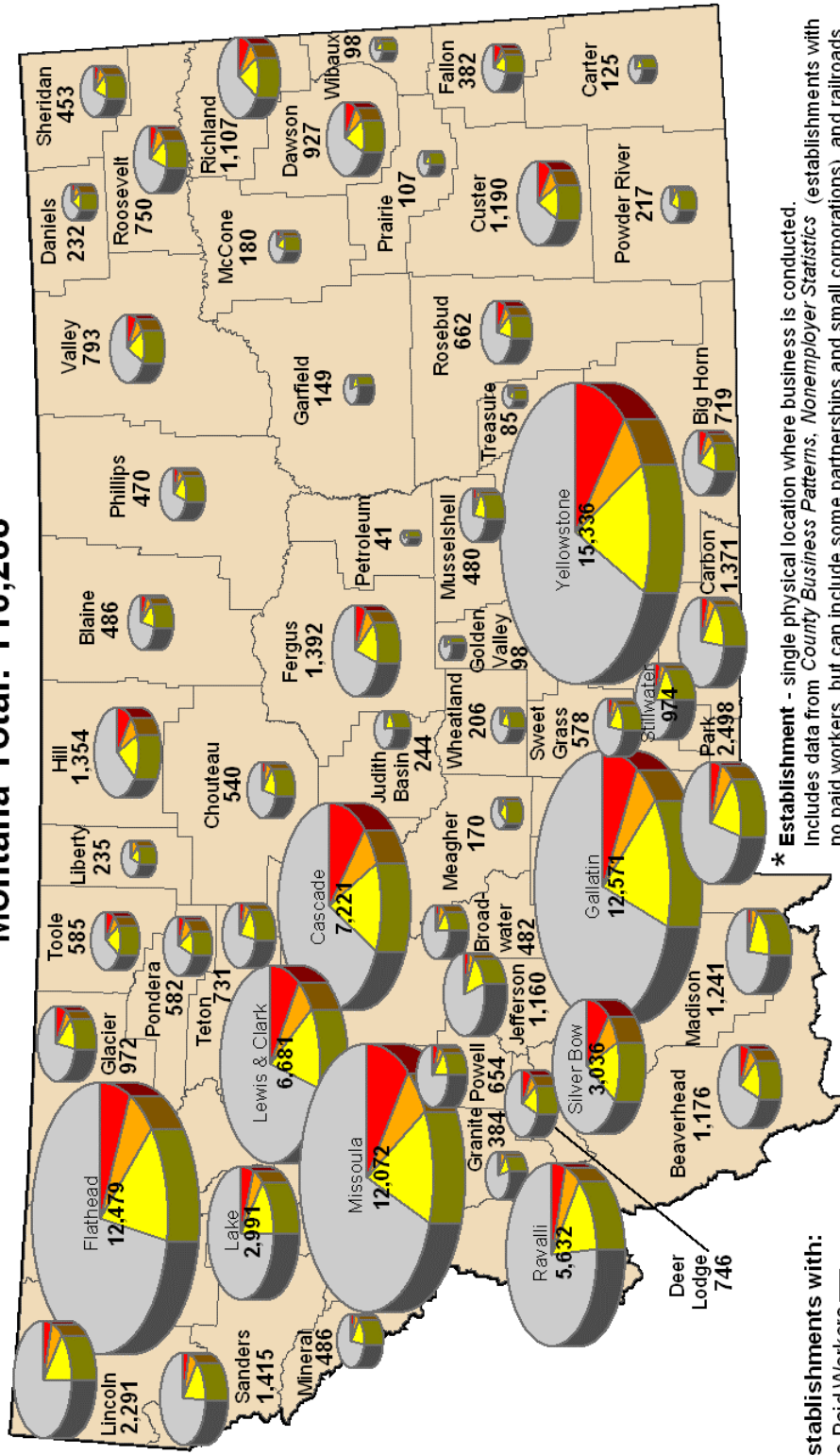
Article:

Thoughts on
Poverty

*"It is commonly
believed that
anyone who
tabulates numbers
is a statistician.
This is like believing
that anyone who
owns a scalpel is a
surgeon."*

Hooke R.

Montana: Number of Private Business Establishments*, 2003 Montana Total: 110,288



* Establishment - single physical location where business is conducted. Includes data from *County Business Patterns*, *Nonemployer Statistics* (establishments with no paid workers, but can include some partnerships and small corporations), and railroads from proprietary business directories. Excludes most government and agricultural production establishments.

Establishments with:

No Paid Workers

1 - 4 Workers

5 - 9 Workers

10 or More Workers



Scale of Miles

Created by:
 Census & Economic Information Center
 Montana Department of Commerce
 301 S. Park Ave., Helena MT 59620-0505
 Phone: 406-841-2740, Email: cec@mt.gov
 Internet: <http://cec.mt.gov>

Thoughts on Poverty

Andrew Geiger, Research Analyst

The American Class System

Americans have always had a unique view of socioeconomic issues regarding class and one's *place* in society. The original European Americans were quick to throw off the burdens of class from the old country and think of themselves as yeomen one and all, albeit exclusively within the English homogeneity. It wasn't bloodlines, but success in the field through the strength of one's labor that translated into respect from peers. Economic success became a way to keep score, and we see a continuation of this arrangement in current times. When asked to state their place in the socioeconomic game of musical chairs, people from widely different income levels self-identify as middle class.

The Once Great City of New Orleans

Those left standing when the music stops playing are identified by those of us who are seated: they are the poor. But what does it mean to be poor, and how do you quantify poverty in a nation as large and diverse as the United States? The face of poverty was seared into our collective sense of ourselves as *one people* as we watched television images of those left behind after Katrina breached the precarious levee system in one of our oldest cities. Some of the talkers on television explained that these people were to blame for their plight because they were given ample warning to get out. These talkers (not to mention certain government officials) might have drawn a different conclusion had they known the poverty rate in New Orleans stands at a staggering 28%.

Again, how do we take such a figure and translate it into an operational response to address this condition? What does this number really mean? We start by analyzing our public data within the context of the kitchen table budget. Under this analysis we discover that a family of four in New Orleans (husband/wife/son/daughter) that brings in \$18,000 a year for the entire household would be in the fortunate 72%. Many of the 130,000 persons who earned far below this figure did not leave New Orleans because they could not leave New Orleans; there are only so many chairs in the game.

(Poverty...continued on page 4)

Economic News

The Next "Gold" Rush

Susan Ockert, Economist

Is Montana primed for another gold rush? Gold, in this instance though, is the old Beverly Hillbillies TV show's "black" gold, or, in other words, oil plus other energy resources. However, instead of using its gold in a fiduciary manner, as the miners of yester year did, Montana is poised to convert its new 'gold' into economic engines for creating employment, income, and output.

With gasoline prices still above last year's rate and the prediction of soaring home heating costs this winter, Montana is well positioned to be a major player in the energy market, not only with traditional fuels such as oil and natural gas, but also with renewable energy sources. For example, if Montana's wheat and barley can be successfully converted into high-grade ethanol, and its oil plants, such as flax seed, rapeseed (canola), safflower, or sunflower can be used to produce biodiesel, the Treasure State could find its own treasury growing from the sale of these products.

(Gold Rush...continued on page 5)

MONTANA'S ENERGY RANKINGS IN THE UNITED STATES

COAL	1st in coal resources and reserves with 120 billion tons and 6th in coal production (Montana Coal Council, Montana Coal, 2005) http://www.montanacoalcouncil.com/
WHEAT	3rd in all wheat production; 2nd in durum, 3rd in spring, and 5th in winter wheat (National Agricultural Statistics Services, Montana's Rank in the Nation's Agriculture) http://www.nass.usda.gov/mt/economic/mtrank.htm
BARLEY	3rd in barley (National Agricultural Statistics Services, Montana's Rank in the Nation's Agriculture) http://www.nass.usda.gov/mt/economic/mtrank.htm
WIND	5th in wind energy potential with 1020 megawatts (American Wind Energy Association,) http://www.awea.org/projects/montana.html
OIL	11th in daily oil production – 2003 (Morgan Quitno, State Rankings, 2005)

Poverty Continued:

To Be Poor in Montana

Montana has seen a consistent increase in the poverty rate in recent years. This fits in with the national picture, while poverty decreased through the nineties, it has increased for the last four years. Montana's poverty rate is 14.6%, compared to 12.6% nationally (New Mexico and Mississippi share a tie for the highest rate at 17.3%). Of course one main problem is that we use the same poverty threshold for all geographies. This leads to a question asked since the Depression: is it easier to ride out hard economic times in the city or out in the country? In looking at total numbers, Montana's poor are spread pretty equally in both urban and rural areas. While cities have a greater variety of organizations dedicated to addressing poverty, the larger population translates into competition for scarce resources. With fewer non-profit organizations in rural areas, families and churches have to carry a heavier load. A second question gets at whether it is better to be poor where there are many people in your same boat, or where there is a proportion of affluence? In looking at Montana's biggest cities, we see that Bozeman, Missoula and Kalispell, with some of our highest housing prices, also have the highest percentage of people in poverty.

"If tragedy were to hit our area, we would be in a very similar situation."

Caroline Brown

Poverty in Montana shares at least one common element to the New Orleans example: race. The counties with the highest poverty rate—in some cases exceeding 30%—have a majority population of American Indians. Caroline Brown, the Planning Director for Fort Belknap, says her job requires her to address this issue on a daily basis. "While we have to use poverty data to be able to demonstrate to the federal government the condition of our area, I don't really need to look at the data to know what is going on because we are talking about people I know," Brown said. She explained that while some programs specifically target poverty, such as meal assistance, the issue of poverty impacts all levels of the planning process. "When you are so poor you need help with almost everything, especially transportation which many of us tend to take for granted," Brown said. "If tragedy were to hit our area, we would be in a very similar situation."

Is there a Better Measure of Economic Need?

Economists and analysts have long debated the merits continuing to use the same low numbers of the poverty threshold, with some of the harshest criticism focusing on abandoning the system altogether. In fact, federal legislation often uses Census poverty data but makes adjustments to determine households that might be above the poverty line but still in need of some sort of assistance. It is indeed problematic to look at income as the sole measure of economic health. Say for example you have a pair of Households: Household A earning \$32,000 a year and Household B earning \$16,000. Yet Household A is a family of four with a \$1000 monthly mortgage and no health insurance, and Household B is a seventy-year-old widow whose home is paid for. While the Census threshold cannot address very tangible issues such as monthly obligations, it does adjust for household size, as well as for heads of the household older than 65 to take into consideration access to health care through Medicare. You further complicate the picture if you place household A in southern California and Household B in Kansas, proving the need for consideration of the totality of any situation.

Remember the Battle of New Orleans

Andrew Jackson and Jordan Noble are the most prominent names associated with the Battle of New Orleans during the War of 1812, which led to Louisiana joining the union. While Jordan Noble did not go on to be President of the United States, he was probably even better suited than the frontiersman General to rally Jackson's troops (an appropriate New Orleans' combination of Appalachians and Africans and Choctaws). Noble, the fourteen-year-old (free) black drummer boy beat out the famous "long roll" that kept the Americans engaged with the British. Military historians tell us you cannot discount the importance of a good drummer during a battle of this era, with a steady drumbeat needed for soldiers to know which direction they are headed amid the smoke and explosions. Perhaps the faces of the current struggle for New Orleans will help us to see the numbers on the page with even greater clarity. ■



“Gold” Rush Continued:

As for electricity generation, the number of coal-based power plants using clean-coal methods is projected to grow, along with the use of another plentiful resource in Montana – wind.

One major obstacle to Montana’s bright energy future is its lack of transmission capacity. After the West’s electricity crisis in the beginning of the 21st century, planning began for increasing the Western’s states’ power lines’ capacity. In August 2003, Wyoming Governor Dave Freudenthal and Utah Governor Michael Leavitt announced the formation of the [Rocky Mountain Area Transmission Study](#) to address this shortage in capacity.

All this planning appears to be paying off. The Bureau of Land Management (BLM) will be touring the Western states starting in October 2005, talking with all interested parties, including property owners, environmental groups, industry users and consumers, on the development of future power lines and oil and gas pipelines. By August 2007, BLM must include the environmental impacts of all new power corridors in their land-use plans.

Any energy boon should provide much needed economic development in several of Montana’s rural counties, many of which experienced declining population between 1990 and 2000 (see table below). Fallon County produces 33% of all Montana oil and 20% of all natural gas while Richland County is the largest producer of oil at 38%. ([Montana Department of Natural Resources and Conservation](#)) Big Horn County produces 62% of all Montana coal while Rosebud mines 37%. In addition, the Colstrip coal-fired power plant generates 42% of all electricity in Montana. ([U.S. DOE Energy Information Administration](#))

On the renewable energy side, Montana has the necessary ingredients for producing ethanol - wheat and barley - and plenty of wind. In 2004, Sheridan County grew 54% of the durum wheat produced in Montana. Roosevelt and Valley counties produced a combined 22% of spring wheat while Chouteau County raised 31% of winter wheat. Nearly 32% of all Montana barley is grown in Teton and Pondera counties. Judith Gap, located in Wheatland County, is currently ‘growing’ 90 wind turbines, with a capacity of up to 135 MW, or capable of producing enough electricity for 300,000 customers. Another wind farm is being planned near Glasgow with up to 500 MW of capacity

County	Population Change (1990 – 2000)
Sheridan	-13.25%
Rosebud	-10.68%
Richland	-9.79%
Fallon	-8.57%
Valley	-6.85%
Roosevelt	-3.45%
Pondera	-0.14%
Wheatland	+0.58%
Teton	+2.77%
Chouteau	+9.5%
Big Horn	+11.77%

Source: U.S. Census Bureau

Coordinating all of Montana’s resources needs proper planning and guidance. During the 2005 Legislative session, Senate Joint Resolution (SJR) 39 called for the Energy and Telecommunications Interim Committee to discuss creating an energy planning and coordinating entity. The public is invited to attend the November 22, 2005 meeting in Room 137 in the Capitol Building at 8:15 am. On a related issue, at 6:00 pm on November 21, 2005 in Room 137, Capitol Building, SJR 36 will be discussed. This resolution addresses the promotion of distributed energy generation in Montana. ■